# Human Resource Management

Volume 22 1983

Noel M. Tichy, *Editor*

Edwin L. Miller, *Associate Editor*
Andrew R. McGill, *Executive Editor*
Carole K. Barnett, *Managing Editor*
Chester C. Borucki, *Book Review Editor*

*Graduate School of Business Administration*
*The University of Michigan*

**Editorial Board**

Lotte Bailyn, *Massachusetts Institute of Technology*
Warner Burke, *Columbia University*
William N. Cooke, *The University of Michigan*
Mary Anne Devanna, *Columbia University*
Lee Dyer, *Cornell University*
Charles J. Fombrun, *University of Pennsylvania*
Stephen H. Fuller, *Harvard University*
Jay R. Galbraith, *Jay Galbraith Associates, Inc.*
Eli Ginzberg, *Columbia University*
Douglas T. Hall, *Boston University*
Rosabeth Moss Kanter, *Yale University*
Steven Kerr, *University of Southern California*
Alan Lafley, *Chase Manhattan Bank*
Edward E. Lawler III, *University of Southern California*
Peter Lorange, *University of Pennsylvania*
Ian C. MacMillan, *New York University*
Leonard A. Schlesinger, *Harvard University*
David O. Ulrich, *The University of Michigan*
Andrew H. Van de Ven, *University of Minnesota*
E. Kirby Warren, *Columbia University*

**Published by John Wiley & Sons**
**for the Graduate School of Business Administration**
**of The University of Michigan**

*Human Resource Management* (ISSN: 0090-4848) is published quarterly, one volume per year, by John Wiley & Sons, Inc., for The University of Michigan Graduate School of Business Administration.

Copyright © 1984 by John Wiley & Sons, Inc., 605 Third Avenue, New York, NY 10158. All rights reserved. Reproduction or translation of any part of this work beyond that permitted by Sections 107 and 108 of the United States Copyright Law without the permission of the copyright owner is unlawful. Second-class postage paid at New York, New York, and at additional mailing offices.

The code and the copyright notice appearing at the bottom of the first page of an article in this journal indicate the copyright owner's consent that copies of the article may be made for personal or internal use, or for the personal or internal use of specific clients, on the condition that the copier pay for copying beyond that permitted by Sections 107 or 108 of the United States Copyright Law. The per-copy fee for each article appears after the dollar sign and is to be paid through the Copyright Clearance Center, Inc., 21 Congress St., Salem, MA 01970. This fee is calculated on the basis of a flat rate of $4.00 per item. 0090-4848/83 $4.00.

This consent does not extend to other kinds of copying, such as copying for general distribution, for advertising or promotional purposes, for creating new collective works, or for resale. Such permission requests and other permission inquiries should be addressed to the publisher.

**Subscription price:** $40.00 per volume. Postage and handling outside U.S.A.: $14.00 by surface; $35.00 by air. Please allow four weeks for processing a change of address. Back volumes, microfilm, and microfiche are available for previous years. Request price list from publisher. Claims for undelivered copies will only be accepted after the following issue has been received. Please enclose mailing label. Missing copies will be supplied when losses have been sustained in transit and where reserve stock will permit.

**Postmaster:** Send address changes to Human Resource Management, Subscription Department, John Wiley & Sons, Inc., 605 Third Avenue, New York, NY 10158.

**Manuscripts** should be submitted to Professor Noel M. Tichy, Editor, *Human Resource Management*, The University of Michigan, Graduate School of Business Administration, Ann Arbor, MI 48109. *Information for Contributors* appears in the first and last issue of each volume.

Inquiries concerning **advertising** should be forwarded to either the U.S. Advertising Representative, Daniel S. Lipner, Weston Media Associates, 37 Gray's Farm Road, Weston, CT 06883, or to the European Advertising Representative, Richard Webb, REW Space Sales, Apartment 1, 2 Gladstone Road, Hingston-upon-Thames, Surrey KT1 3HD, UK.

All other correspondence should be addressed to the Publisher, Professional Journals, John Wiley & Sons, Inc., 605 Third Avenue, New York, NY 10158.

Mary Curtis, *Publisher*
Juan Astudillo, *Subscription Manager*
Christine Fisher, *Production Manager*
Jonas Rosenthal, *Journals Development Manager*
Shirley Hochberg, *Promotion Manager*
Ed Barnas, *Managing Editor*
Patti Lesch, *Assistant Managing Editor*

Volume Contents

# Human Resource Management

Volume 22, 1983

**Spring/Summer 1983**


1 Editor's Note

Symposium on
**Strategic Planning and Human Resource Management**

3 Foreword / *Noel M. Tichy*

**The Challenges and Context for Strategic Human Resource Management**

9 Frontiers for Strategic Human Resource Planning and Management / *Rosabeth Moss Kanter*
There are seven frontiers which Kanter presents for the human resource field. They range from responsiveness and adaptability to change to lobbying efforts in Washington regarding human resource issues.

23 Governing Transactions: A Framework for Cooperative Strategy / *Dave Ulrich*
Environmental pressures on organizations are described to reveal problems posed by an over-reliance on competitive approaches to strategy.

40 Commentary on Ulrich / *J. Edwin O'Brien, Jr.*

42 Commentary on Ulrich / *A. C. Veverka*

45 Managing Organizational Transformations / *Noel M. Tichy*
Using his technical, political, and cultural framework, Tichy describes dilemmas for U.S. companies in the coming decade and presents the case for the strategic role of human resource management.

61 Commentary on Tichy / *Ilan Meshoulam*

**Strategy Formulation and Human Resource Issues**

63 Strategy and Organization Planning / *Jay R. Galbraith*
Patterns of strategic change and their relationship with structure, systems, and cultures are explored in terms of an organization's "center of gravity," defined in terms of where the firm's initial success was in the supply chain ranging from upstream companies which engage in value-added consumer-type products to downstream companies engaged in raw material or extractive activities.

78 Commentary on Galbraith / *Howard C. Lockwood*

80 Commentary on Galbraith / *Frederick A. Roesch*

83 The Normative Underpinnings of Human Resource Strategy / *Leonard A. Schlesinger*
Human resource management policies and procedures represent the operationalization of a set of value choices, yet human resources executives all too often are obsessed with superficial human resource tools.
97 Building State-of-the-Art Human Resource Strategies / *John R. Fossum and Donald F. Parker*
Areas are targeted for human resource staff and line managers to act strategically: forecasting; strategic human resource plans; proaction in strategy; expanded time horizons; changes which create cultures; and better management of the systematic nature of the human resource function.

**Strategy Implementation and Organizational Change**

111 Strategy and Human Resources: Concepts and Practice / *Peter Lorange and Declan C. Murphy*
Incentives need to be tailor-made to fit different aspects of strategic management. Three levels of strategic activity — business element, divisional, and corporate — are described in terms of three distinct sets of human resource concerns.
136 Commentary on Lorange and Murphy / *Arthur C. MacLeod*
137 Commentary on Lorange and Murphy / *D. J. Povejsil*
139 Corporate Culture, Environment, and Strategy / *Charles J. Fombrun*
Three levels of culture are defined: societal, industrial, and organizational. The current usage of corporate culture is criticized for ignoring the society- and industry-level analyses. Human resource management practices are examined in relation to different organizational cultures and the problems of cultural myopia, schizophrenia, and inertia are discussed.
153 Commentary on Fombrun / *David L. Berman*
155 Strategy, Structure, and Labor Relations Performance / *E. Tatum Christiansen*
Labor relations strategy is examined in terms of how successful and unsuccessful firms manage this area and how the strategy translates into good labor relations performance.
169 Commentary on Christiansen / *D. A. Reek*
171 Commentary on Christiansen / *Frank J. Poper*
173 Managing the Middle / *Mary Anne Devanna and E. Kirby Warren*
Middle management is undergoing a fundamental change in the 1980s as a result of demographic and technological shifts. Middle management will be information oriented creating new challenges for developing well rounded general managers who can deal with people issues.
182 Commentary on Devanna and Warren / *Robert R. Holmes*
183 Enhancing the Effectiveness of Organizational Change Management / *Julien R. Phillips*
The failure to successfully respond to environmental change results in a serious "non-adaptation penalty." Successful organizational change has three critical components: new strategic vision; new organizational skills; and political support.
201 List of Participants
205 Information for Contributors

**Fall 1983**

207 Editor's Note

209 Strategies for a New Age / *Roger Harrison*

The key to improving the prosperity of organizations and management in the 1980s is explored with a focus on strategic leadership and its relation to alignment, attunement, control, intuition, and meaning.

237 Developing Strategic Capability: An Agenda for Top Management / *C. K. Prahalad*

Prahalad argues that top management's attention needs to be directed to the ability of an organization to *think and act* strategically by developing a comprehensive decision-making culture that is not bound by structural constraints.

255 Commentary on Prahalad / *Ronald M. Cowin*

257 Bringing Human Resources into the Strategy Formulation Process / *Lee Dyer*

In order to bring human resource considerations into the strategy-making process, personnel executives and planners need to clarify their concepts of strategy and develop mechanisms such as parallel (or sequential) preparation, inclusion, participation, and review to link human resources into the strategy formulation process.

272 Commentary on Dyer / *Tony Hain*

275 The Key to the Productivity Dilemma: "The Performance Manager" / *David L. Berman and Howard Mase*

The Citibank Managing People program is presented as a part of the Citibank strategy for ensuring that managers have the capability, potential, and responsibility for better management of their people. It argues for a program's direct link to improving bottom-line success, performance, and productivity.

287 The Consultants Wake Up to Human Resources / *Jay Berry*

Consultants are often viewed as the fadmongers of the business world, but the 1980s may be a period of opportunity for innovative collaboration between management consultants and human resource managers.

297 The Importance of Strategic Staffing as a Component of Human Resource Management: Conversation with Alan F. Lafley / *Chester C. Borucki*

Interviewer Chet Borucki examines Chase Manhattan Bank's past and future approaches to strategic human resource management with a focus on leadership's impact on the improvement of staffing, development, appraisal, reward, and the total work environment.

**Book Reviews**

313 *The Change Masters,* by Rosabeth Moss Kanter / Reviewed by *Julien R. Phillips*

318 *An Immodest Agenda: Rebuilding America Before the Twenty-first Century,* by Amitai Etzioni / Reviewed by *James S. House*

322 *Managing Strategic Change: Technical, Political and Cultural Dynamics,* by Noel Tichy / Reviewed by *Craig Lundberg*

325 *In Search of Excellence,* by Thomas J. Peters and Robert H. Waterman, Jr. / Reviewed by *Jay R. Galbraith*

329 *In Search of Excellence,* by Thomas J. Peters and Robert H. Waterman, Jr. / Reviewed by *Jay Berry*

**Winter 1983**

335 Editor's Note

337 Prologue/*Robert I. Sutton*

341 Management Challenges Under Conditions of Retrenchment/*Thomas Gilmore and Larry Hirschhorn*

The emerging understanding of organizational retrenchment provides a backdrop for examining how planning under conditions of retrenchment differs from growth-oriented planning. The article proposes new skills that must be developed and used to manage interpersonal relationships, ambiguity and uncertainty, as well as the organization–environment interface during retrenchment.

359 Matching Managerial Strategies to Conditions of Decline/*Kim Cameron and Raymond Zammuto*

Conditions of organizational decline, when viewed as a common environmental occurrence instead of an aberration of growth, present unique opportunities for managers to diagnose and manage change. Cameron and Zammuto's typology of decline, based on changes in the external environment, provides short-term (behavioral tactics) and long-term (domain selection strategies) approaches to managing such diverse conditions of decline as erosion, contraction, dissolution, and collapse.

377 Managing Organizational Decline: The Case for Transorganizational Systems/*Thomas G. Cummings, Judith F. Blumenthal, and Larry E. Greiner*

Transorganizational systems can be effective remedies for coping with the inevitable decline facing many organizations in the 1980s. Five conditions of decline (environmental turbulence, shared fate, lack of exit option, altruism, and mandate) are identified as favorable to this form of external collaboration that can revitalize some otherwise hopeless decline situations.

391 Managing Organizational Death/*Robert I. Sutton*

Going beyond turnaround strategies and work force reductions, Sutton explores a third transition—organizational death. He uses research from eight case studies to describe death as an expected and manageable phase of the organizational life cycle. Common managerial beliefs about employee reactions, tasks demanded of decision makers, and four prominent managerial dilemmas in organizational death are explored to provide guidelines for the management of this transition.

413 Managing Work Force Reduction/*Richard H. Price and Thomas D'Aunno*

Focusing on the management of relationships—and not on individuals, groups, or organizations—the constructive role of the transition manager as a broker of information, funds, skills, and public support is examined. These authors demonstrate that the human resource executive's management of organizational decline and closing need not represent a "zero sum game."

431 Managing the Job Insecurity Crisis/*Leonard Greenhalgh*

Failure to manage employees' job insecurity crises—including their powerlessness to maintain valued job features such as status and contact with workplace friends *as well as* the job itself—has adverse consequences that lead to further organizational decline, which leads to further job insecurity. Greenhalgh proposes managing the causes and consequences of the job insecurity crisis through strategic work force planning, attrition programs, provision of job rights, and the reduction of ambiguity and powerlessness.

445 Employee Involvement in Declining Organizations/*Susan A. Mohrman and Allan M. Mohrman, Jr.*

Drawing on research and experience in employee involvement efforts, the authors explore the use of such programs in declining organizations. They emphasize the critical role leadership plays in establishing and maintaining the momentum needed to avoid common responses to decline that imprison organizations in old ways of doing things.

**Book Reviews**

475 *Renewing American Industry*, by Paul R. Lawrence and Davis Dyer/Reviewed by *Philip H. Mirvis*

479 *The Deindustrialization of America*, by Barry Bluestone and Bennett Harrison/Reviewed by *Leonard A. Schlesinger*

483 *The Decline and Fall of the American Automobile Industry*, by Brock Yates/Reviewed by *Daniel R. Denison*

487 Publications Received

i Volume Contents